

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1414 - SB 1618

February 10, 2014

SUMMARY OF BILL: Makes changes to the *Risk-Based Capital for Insurers Act* (act). Specifies certain risk-based capital reports and other associated reports, when in the possession and control of the Department of Commerce and Insurance (DCI), are not subject to open records law or public inspection of departmental records. Also protects such records from becoming subject to discovery or admissible in evidence in any private civil action. Forbids the Commissioner from testifying in any private civil action regarding any such confidential documents, materials or information. Provides certain instances in which the Commissioner would be able to share such documents.

Requires medical service plans, hospital service plans, dental service plans, vision service plans, health maintenance organizations and prepaid limited health service organizations, prior to March 1 of each year, to prepare and submit a report of its Risk-Based Capital (RBC) levels, including the RBC report, as of the end of the previous calendar year and provide such reports to the Commissioner of DCI and the National Association of Insurance Commissioners (NAIC). If the Commissioner finds such submissions to be inaccurate, the Commissioner is required to adjust the RBC reports to correct them and notify the submitting DHO of such adjustment.

Specifies changes to the trend test for life and health insurance companies. This test is part of the RBC report currently required of life and health insurance companies. Defines Company Action Level Event, Regulatory Action Level Event, Authorized Control Level Event, and Mandatory Control Level Event and specifies the procedures to be carried out by DCI in the case of any such event. Authorizes the Commissioner to retain actuaries, investment experts, and other consultants as may be necessary in the judgment of the commissioner to review a health organization's RBC plan or revised RBC plan and plan corrective actions, as necessary. The cost to retain such professional services shall be borne by the affected health organization or such other party as directed by the Commissioner.

Prohibits the Commissioner from using RBC reports, adjusted RBC reports, RBC plans and revised RBC plans as a measure of ratemaking, as applied to the calculation or derivation of elements of an appropriate premium level or rate of return of any line of insurance that a health organization or affiliated organization is authorized to write. Provides immunity to the Commissioner, DCI or its employees or agents for any action taken that is required under this Act.

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ESTIMATED FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- According to DCI, it estimates that any additional responsibility required under this act can be handled by its Insurance Division within existing resources.
- Any cost in procuring professional services by DCI will be paid for by the respective health organization.
- This is estimated to have no significant fiscal impact on state government.

IMPACT TO COMMERCE:

NOT SIGNIFICANT

Assumption:

- According to DCI, historically, all RBC reports are evaluated in-house; therefore, any increase in business revenue for businesses providing DCI with RBC-related analysis is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read 'Lucian D. Geise', is positioned above the printed name.

Lucian D. Geise, Executive Director

/jdb